

MICHAEL JAY BERGER (State Bar # 100291)
LAW OFFICES OF MICHAEL JAY BERGER
9454 Wilshire Blvd. 6th Floor
Beverly Hills, CA 90212-2929
Telephone: (310) 271-6223
Facsimile: (310) 271-9805
E-mail: Michael.Berger@bankruptcypower.com

Counsel for Debtor and Debtor-in-Possession,
Shields Nursing Centers, Inc.

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

In re:

Shields Nursing Centers, Inc.,

Debtor and Debtor-in-Possession.

CASE NO.: 23-bk-41201 CN 11

Chapter 11

Hon. Charles Novack

**STATUS CONFERENCE
STATEMENT; DECLARATION OF
WILLIAM M. SHIELDS JR. IN
SUPPORT THEREOF**

Date: November 3, 2023

Time: 11:00 a.m.

Place: U.S. Bankruptcy Court

Courtroom 215

1300 Clay Street

Oakland, CA 94612

**TO THE HONORABLE CHARLES NOVACK, JUDGE OF THE UNITED
STATES BANKRUPTCY COURT, TO THE UNITED STATES TRUSTEE,**

1 **SUBCHAPTER V TRUSTEE, TO DEBTOR'S CREDITORS AND TO ALL**
2 **INTERESTED PARTIES:**

3 Shields Nursing Centers, Inc., Debtor-in-Possession ("Debtor") in the above-
4 captioned chapter 11 bankruptcy case, through its attorneys of record, submits this Status
5 Conference Statement:

6 **A. Statement of Facts and General Background**

7 On September 20, 2023 (the "Petition Date"), the Debtor commenced the Chapter
8 11 Case by filing a voluntary petition under chapter 11 of the Bankruptcy Code. The
9 Debtor was formed in November 1978 and operates a post-acute skilled nursing facilities
10 in Richmond, California and El Cerrito, California, and serving the Contra Costa and
11 surrounding counties. The locations for the nursing facilities are 1919 Cutting Blvd.,
12 Richmond, California 94804 ("Richmond") and 3230 Carlson Blvd., El Cerrito,
13 California 94530 ("El Cerrito"). The Debtor continues to operate its business and manage
14 its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the
15 Bankruptcy Code.
16

17 **B. Proposed Schedule for Filing a Disclosure Statement and Plan**

18 The court has not yet set a deadline for filing a disclosure statement and the
19 reorganization plan. Debtor anticipates filings the plan and disclosure statement by
20 January 18, 2024.

21 **C. An Outline of The Proposed Plan**

22 The Debtor has an estimated \$5,843,546.11 in scheduled secured debt, which
23 includes Internal Revenue Service tax lien, U.S. Small Business Administration loans,
24 merchant cash advance loans, and equipment finance loans. With respect to secured
25 creditors, depending on the valuation of Debtor's collateral, certain of the secured
26 creditors with fully- or partially-undersecured claims will be bifurcated.
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1 With respect to priority unsecured claims, Debtor will propose monthly payments
2 to pay governmental tax creditors within five years of the petition date, as required by
3 Code.

4 With respect to general unsecured claims, Debtor will propose monthly payments
5 based on an analysis of the Debtor's assets and income, to be paid to claimants in pro-rata
6 shares proportional to their claims.

7 **D. Cash Collateral Motions**

8 Debtor filed an emergency Motion for Use of Cash Collateral on September 21,
9 2023 ("Cash Collateral Motion") [docket no. 8]. The Court authorized interim use of cash
10 collateral at the hearing on the Cash Collateral Motion on September 26, 2023 and set a
11 final hearing on the Cash Collateral Motion for October 13, 2023. At the final hearing on
12 the Cash Collateral Motion, the motion was granted on a final basis.

13 **E. Related Litigation**

14 As of the petition date, the Debtor is a party to the following pending litigations:
15 (1) Earleen Miller v. Shields Nursing Centers, Inc., Pending claim with the Department
16 of Labor Commissioner, Claim No.: WC-CM-691731 and (2) Madeline Bernier, by and
17 through her Successor in Interest, Andree Toussaint, et al. v. Shields Nursing Centers,
18 Inc., et al., for a personal injury claim, Case No.: C22-02093. Both matters are currently
19 stayed due to Debtor's bankruptcy filing.

20 **F. Employment of Professionals**

21 Debtor filed an Application to Employ Michael Jay Berger as General Bankruptcy
22 Counsel ("Employment Application") on September 21, 2023 [docket no. 14]. On
23 October 12, 2023, the court entered an order authorizing the Employment Application
24 [docket no.: 44]. Debtor filed an Application to Employ Jennifer M. Liu as Certified
25 Public Accountant on October 17, 2023 [docket no. 48].
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1 **G. Debtor's Compliance with Requirements of Bankruptcy Code and U.S.**
2 **Trustee**

3 The Debtor has filed all required schedules, and is in the process of filing an
4 amended Statement of Financial Affairs and schedule A/B. On October 5, 2023, Debtor
5 submitted the initial reporting documents in compliance with the requirements of the
6 Office of the United States Trustee ("UST"). On October 24, 2023, Debtor submitted
7 additional documents to address certain outstanding compliance items that were
8 discussed at the Initial Debtor Interview.

9 **H. Deadline For Filing Claims**

10 The claims bar date is January 29, 2024.

11 **I. Initial Debtor Interview and Meeting of Creditors**

12 The Initial Debtor Interview was held on October 12, 2023 and was attended by
13 Debtor's principal and counsel. The Debtor's 341(a) meeting of creditors is scheduled for
14 October 30, 2023.

15 **J. Lease Agreements and Executory Contracts**

16 Debtor is a party to the following lease agreements and/or executory contracts:

17 (1) Debtor is a party to an Equipment Finance Agreement with Dimension
18 Funding, LLC for 1) Nursing Call Systems installed at the Cerrito location and (1)
19 Nursing Call Systems installed at the Richmond location. The equipment is financed with
20 Dimension Funding, LLC for a 60-month term which commenced in May 2022 with a
21 monthly payment of \$3,672.00. The vendor for the nurse call systems is RF
22 Technologies. Debtor intends to assume the agreement and continuing making the
23 payments.
24

25 (2) Debtor is a party to a Lease Agreement between El Cerrito Investment Group,
26 LLC ("Landlord") and Shields Nursing Centers, Inc. ("Tenant") for the real property
27 commonly known as 3230 Carlson Blvd., El Cerrito, CA ("Shields Nursing Center"). The
28 Lease commenced on September 1, 1999 with an option to extend the term of the lease

1 for three periods of five years each by giving notice to Landlord. The base rent provides
2 for percentage increase. Rent is due by the 10th of each month. The lease is intended to
3 be a Net Lease. Tenant is responsible for real and personal taxes, and for payment of the
4 utilities. Current base rent amount is \$22,341.00. Debtor wishes to assume the lease.

5 (3) Debtor is a party to a lease agreement with James Prasad for the premises
6 located at 1919 Cutting Blvd., Richmond, California (the "Premises"). The Lease
7 commenced on October 1, 2011 with three options to extend the lease by 5 years each.
8 Monthly base rent is due by the 10th of each month. Tenant is responsible for real and
9 personal property taxes and for utilities. Current base rent is \$41,405.00. Debtor wishes
10 to assume the Lease.

11 (4) Debtor is a party to an Equipment Lease Agreement with Sentric for
12 Entertain360 equipment located at the El Cerrito location. The lease commenced on
13 December 9, 2022 for 60 months at \$623.62/month. The payments are sent to Leaf
14 Capital Funding, LLC. Debtor wishes to assume the lease and continue making the
15 payments.

16 (5) Debtor is a party to an Equipment Lease Agreement with Sentric for
17 Entertain360 equipment located at the Richmond location. The lease commenced in
18 March 2023 for 60 months at \$625.49/month. The payments are sent to Leaf Capital
19 Funding, LLC. Debtor wishes to assume the lease and continue making the payments.

20 (6) Debtor is a party to a lease agreement with Willie & Monique Shields
21 ("Landlord") for certain freestanding building and parking area commonly known as 606
22 Alfred Nobel Drive, Hercules, CA 94547 (the "Premises"). The Lease commenced on
23 March 1, 2005 and has an end date of February 28, 2025. Tenant shall have an option to
24 extend the term of the Lease for three periods of five years each by giving written notice
25 to exercise this option at least 6 months prior to the expiration of the prior lease term.
26 Tenant shall pay Landlord monthly base rent of \$15,352.20 subject to adjustment per
27 Section 4.2 of the Lease. Tenant is also responsible for personal property and real
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1 property taxes as well as substitute and additional taxes that might be assessed on the
2 property. Tenant is also responsible for all utilities and services furnished for the
3 Premises. Current base rent is \$16,427.00. Debtor wishes to assume the Lease.
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5 Respectfully submitted,
6

7 LAW OFFICES OF MICHAEL JAY BERGER
8

9 Dated: October 27, 2023 By: /s/Michael Jay Berger
10 Michael Jay Berger
11 Counsel for Debtor and Debtor-in-Possession
12 Shields Nursing Centers, Inc.
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1 **DECLARATION OF WILLIAM M. SHIELDS JR.**

2 I, William M. Shields Jr., declare and state as follows:

3 1. I am the Chief Executive Officer of Shields Nursing Centers Inc. (the
4 “Debtor”) herein. I have personal knowledge of the facts set forth below and if called to
5 testify as to those facts, I could and would competently do so.

6 2. On September 20, 2023 (the “Petition Date”), the Debtor commenced the
7 Chapter 11 Case by filing a voluntary petition under chapter 11 of the Bankruptcy Code.
8 The Debtor was formed in November 1978 and operates a post-acute skilled nursing
9 facilities in Richmond, California and El Cerrito, California, and serving the Contra
10 Costa and surrounding counties. The locations for the nursing facilities are 1919 Cutting
11 Blvd., Richmond, California 94804 (“Richmond”) and 3230 Carlson Blvd., El Cerrito,
12 California 94530 (“El Cerrito”). The Debtor continues to operate its business and manage
13 its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the
14 Bankruptcy Code.

15 3. The court has not yet set a deadline for filing a disclosure statement and the
16 reorganization plan. Debtor anticipates filings the plan and disclosure statement by
17 January 18, 2024.

18 4. The Debtor has an estimated \$5,843,546.11 in scheduled secured debt,
19 which includes Internal Revenue Service tax lien, U.S. Small Business Administration
20 loans, merchant cash advance loans, and equipment finance loans. With respect to
21 secured creditors, depending on the valuation of Debtor’s collateral, certain of the
22 secured creditors with fully- or partially-undersecured claims will be bifurcated.

23 5. With respect to priority unsecured claims, Debtor will propose monthly
24 payments to pay governmental tax creditors within five years of the petition date, as
25 required by Code.
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1 6. With respect to general unsecured claims, Debtor will propose monthly
2 payments based on an analysis of the Debtor's assets and income, to be paid to claimants
3 in pro-rata shares proportional to their claims.

4 7. Debtor filed an emergency Motion For Use of Cash Collateral on
5 September 21, 2023 ("Cash Collateral Motion") [docket no. 8]. The Court authorized
6 interim use of cash collateral at the hearing on the Cash Collateral Motion on September
7 26, 2023 and set a final hearing on the Cash Collateral Motion for October 13, 2023 At
8 the final hearing on the Cash Collateral Motion, the motion was granted on a final basis.

9 8. As of the petition date, the Debtor is a party to the following pending
10 litigations: (1) Earleen Miller v. Shields Nursing Centers, Inc., Pending claim with the
11 Department of Labor Commissioner, Claim No.: WC-CM-691731 and (2) Madeline
12 Bernier, by and through her Successor in Interest, Andree Toussaint, et al. v. Shields
13 Nursing Centers, Inc., et al., for a personal injury claim, Case No.: C22-02093. Both
14 matters are currently stayed due to Debtor's bankruptcy filing.

15 9. Debtor filed an Application to Employ Michael Jay Berger as General
16 Bankruptcy Counsel ("Employment Application") on September 21, 2023 [docket no.
17 14]. On October 12, 2023, the court entered an order authorizing the Employment
18 Application [docket no.: 44]. Debtor filed an Application to Employ Jennifer M. Liu as
19 Certified Public Accountant on October 17, 2023 [docket no. 48].

20 10. The Debtor has filed all required schedules, and is in the process of filing
21 an amended Statement of Financial Affairs and schedule A/B. On October 5, 2023,
22 Debtor submitted the initial reporting documents in compliance with the requirements of
23 the Office of the United States Trustee ("UST"). On October 24, 2023, Debtor
24 submitted additional documents to address certain outstanding compliance items that
25 were discussed at the Initial Debtor Interview.

26 11. The claims bar date is January 29, 2024.
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1 12. The Initial Debtor Interview was held on October 12, 2023 and was
2 attended by Debtor's principal and counsel. The Debtor's 341(a) meeting of creditors is
3 scheduled for October 30, 2023.

4 13. Debtor is a party to the following lease agreements and/or executory
5 contracts:

6 (i) Debtor is a party to an Equipment Finance Agreement with Dimension
7 Funding, LLC for 1) Nursing Call Systems installed at the Cerrito location and (1)
8 Nursing Call Systems installed at the Richmond location. The equipment is financed with
9 Dimension Funding, LLC for a 60-month term which commenced in May 2022 with a
10 monthly payment of \$3,672.00. The vendor for the nurse call systems is RF
11 Technologies. Debtor intends to assume the agreement and continuing making the
12 payments.
13

14 (ii) Debtor is a party to a Lease Agreement between El Cerrito Investment Group,
15 LLC ("Landlord") and Shields Nursing Centers, Inc. ("Tenant") for the real property
16 commonly known as 3230 Carlson Blvd., El Cerrito, CA ("Shields Nursing Center"). The
17 Lease commenced on September 1, 1999 with an option to extend the term of the lease
18 for three periods of five years each by giving notice to Landlord. The base rent provides
19 for percentage increase. Rent is due by the 10th of each month. The lease is intended to
20 be a Net Lease. Tenant is responsible for real and personal taxes, and for payment of the
21 utilities. Current base rent amount is \$22,341.00. Debtor wishes to assume the lease.
22


23 (iii) Debtor is a party to a lease agreement with James Prasad for the premises
24 located at 1919 Cutting Blvd., Richmond, California (the "Premises"). The Lease
25 commenced on October 1, 2011 with three options to extend the lease by 5 years each.
26 Monthly base rent is due by the 10th of each month. Tenant is responsible for real and
27 personal property taxes and for utilities. Current base rent is \$41,405.00. Debtor wishes
28 to assume the Lease.

1 (iv) Debtor is a party to an Equipment Lease Agreement with Sentrics for
2 Entertain360 equipment located at the El Cerrito location. The lease commenced on
3 December 9, 2022 for 60 months at \$623.62/month. The payments are sent to Leaf
4 Capital Funding, LLC. Debtor wishes to assume the lease and continue making the
5 payments.

6 (v) Debtor is a party to an Equipment Lease Agreement with Sentrics for
7 Entertain360 equipment located at the Richmond location. The lease commenced in
8 March 2023 for 60 months at \$625.49/month. The payments are sent to Leaf Capital
9 Funding, LLC. Debtor wishes to assume the lease and continue making the payments.

10 (vi) Debtor is a party to a lease agreement where my wife Monique Shields and I
11 are the landlords ("Landlord") for certain freestanding building and parking area
12 commonly known as 606 Alfred Nobel Drive, Hercules, CA 94547 (the "Premises"). The
13 Lease commenced on March 1, 2005 and has an end date of February 28, 2025. Tenant
14 shall have an option to extend the term of the Lease for three periods of five years each
15 by giving written notice to exercise this option at least 6 months prior to the expiration of
16 the prior lease term. Tenant shall pay Landlord monthly base rent of \$15,352.20 subject
17 to adjustment per Section 4.2 of the Lease. Tenant is also responsible for personal
18 property and real property taxes as well as substitute and additional taxes that might be
19 assessed on the property. Tenant is also responsible for all utilities and services furnished
20 for the Premises. Current base rent is \$16,427.00. Debtor wishes to assume the Lease.

21 I declare under penalty of perjury that the foregoing is true and correct and that
22 this declaration is executed on October 27, 2023 at Hercules, California.
23

24 
25 _____
26 William J. Shields Jr.
27
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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
9454 Wilshire Blvd., 6th Fl., Beverly Hills, CA 90212

A true and correct copy of the foregoing document entitled (*specify*): **STATUS CONFERENCE STATEMENT;
DECLARATION OF WILLIAM SHIELDS IN SUPPORT THEREOF** will be served or was served (a)
on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 10/27/2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:
Debtor's Counsel: Michael Jay Berger michael.berger@bankruptcypower.com, michael.berger@ecf.courtdrive.com
U.S. Trustee: Trevor Ross Fehr trevor.fehr@usdoj.gov
Counsel for the IRS: Savith Iyengar savith.iyengar@usdoj.gov, stefania.chin@usdoj.gov
Office of the U.S. Trustee/Oak USTPRegion17.OA.ECF@usdoj.gov
U.S. Trustee: Gregory S. Powell greg.powell@usdoj.gov, Tina.L.Spyksma@usdoj.gov

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On 10/27/2023, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on 10/27/2023, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Honorable Charles Novack
United States Bankruptcy Court
1300 Clay Street, Ctrm 215
Oakland, CA 94612

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

10/27/2023
Date

Peter Garza
Printed Name

/s/Peter Garza
Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

2. SERVED BY UNITED STATES MAIL:

U.S. Trustee
Attn: Trevor Ross Fehr, Esq.
280 S 1st St. #268
San Jose, CA 95113

SECURED CREDITORS:

BizFund LLC
2371 McDonald Ave., 2nd Floor
Brooklyn, NY 11223

BlueVine
401 Warren St., Ste 300
Redwood City, CA 94063

CT Corporation System, as representative
330 N. Brand Blvd., Ste 700
Glendale, CA 91203

Dimension Funding, LLC
6 Hughes Street #220
Irvine, CA 92618

Employee Development Department
Bankruptcy Group MIC 92E
PO Box 826880
Sacramento, CA 94280-0001

First Corporate Solutions, representative
914 S. Street
Sacramento, CA 95811

U.S. Small Business Administration
c/o Anne Manalili
El Paso Loan Service Center
10737 Gateway West, Ste. 300
El Paso, TX 79935

U.S. Small Business Administration
Attn: District Counsel
c/o Anne Manalili
455 Market Street, Suite 600
San Francisco, CA 94105

Leaf Capital Funding, LLC
2005 Market Street, 14th Fl
Philadelphia, PA 19103

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

UFS West LLC
1915 Hollywood Blvd., Suite 200A
Hollywood, FL 33020

Webfund
99 Washington Ave., Ste 1008
Albany, NY 12260

20 LARGEST UNSECURED CREDITORS:

AMPG Healthcare Solution, Inc
1313 N. Milpitas Blvd #154
Milpitas, CA 95035

BizFund LLC
2371 McDonald Ave., 2nd Floor
Brooklyn, NY 11223

BlueVine
401 Warren St., Ste 300
Redwood City, CA 94063

CTI III, LLC
CTI Corporate Tax Incentives
1720 Prairie City Rd., Ste 120
Folsom, CA 95630

Dept. of Health Care Services
Acct Sect/Cashiers Unit, MS 1101
PO Box 997415
Sacramento, CA 95899-7415

Dimension Funding, LLC
6 Hughes Street #220
Irvine, CA 92618

Diagnostic Laboratories SL
Community Mobile Diagnostic
Attn: Cash Applications
PO Box 676210
Dallas, TX 75267-6210

El Cerrito Investment Group, LLC
Eyring Realty, Inc
PO Box 2408
Danville, CA 94526

El Cerrito Investment Group, LLC
c/o Lane Powell PC
Attn: James B. Zack
1420 Fifth Ave., Ste. 4200
Seattle, WA 98101 (Address from POC)

Earleen Miller
c/o Labor Commissioner Office
1515 Clay St., Ste 801
Oakland, CA 94612

Graph Insurance Group
c/o Lipsius-Benham Law, LLP
Attn: Meir L. Goldberg
80-02 Kew Gardens Rd, Ste 1030
Kew Gardens, NY 11415

Internal Revenue Service
P O Box 7346
Philadelphia, PA 19101-7346

James Prasad
29910 Bello View Place
Hayward, CA 94544

Kaiser Foundation Health Plan, Inc
File 5915
Purchase #602186-0000
Los Angeles, CA 90074-5915

McKesson Medial-Surgical #31714
PO Box 630693
Cincinnati, OH 45263-0693

Nextaff Group, LLC
c/o Webster Bank
PO Box 847637
Boston, MA 02284

Pharmerica
Attn: LeeAnn - AR
PO Box 409251
Atlanta, GA 30384-9251

Shiftmed, LLC
PO Box 124004
Dallas, TX 75312

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

U.S. Small Business Administration
c/o Anne Manalili
El Paso Loan Service Center
10737 Gateway West, Ste. 300
El Paso, TX 79935

U.S. Small Business Administration
Attn: District Counsel
c/o Anne Manalili
455 Market Street, Suite 600
San Francisco, CA 94105

UFS West LLC
1915 Hollywood Blvd., Suite 200A
Hollywood, FL 33020

Webfund
99 Washington Ave., Ste 1008
Albany, NY 12260

CRITICAL VENDORS:

Elam's Consulting & Inspection Services Inc.
164 Robles Dr. #270
Vallejo, CA 94591

Interactive Medical Systems Inc
PO Box 843789
Los Angeles, CA 90084

Nutrition Therapy Essentials
2350 W. Shaw Ave., Ste. 106
Fresno, CA 93711

Providence Rehab Group, Inc.
PO Box 5215
Novato, CA 94948

City of Richmond
Attn: Antonio Banuelos
450 Civic Center Plaza
Richmond, CA 94804

City of Richmond
c/o Nevers, Palazzo, Packard, Wildermuth & Wynner, PC
Attn: Dennis La
31248 Oak Crest Dr. Ste. 200
Westlake Village, CA 91361

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.